

Message Text

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14

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 IO-11 ISO-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 XMB-02 OPIC-03 NSC-05 SS-15

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3531

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BRASILIA

AMEMBASSY GENEVA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY SANTO DOMINGO

AMEMBASSY YAOUNDE

USMISSION OECD PARIS

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E. O. 11652: N/A

TAGS: ETRD, EAGR, MX

SUBJECT: MEXICAN VIEWS ON COCOA AGREEMENT

REF: STATE 033671

1. ECONOFF DISCUSSED COCOA AGREEMENT MARCH 9 WITH IGNACIO ROSAS, DEPUTY TO SOLIS, DIRECTOR GENERAL OF NATIONAL COCOA COMMISSION. SR. ROSAS WAS MEXICO'S REPRESENTATIVE AT THE GENEVA NEGOTIATIONS OF THE DRAFT SECOND INTERNATIONAL COCOA AGREEMENT. THE ECONOFF REPEATED TO HIM SECRETARY'S

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STATEMENT IN FIRST PARAGRAPH REFTEL, REQUESTED HIS VIEWS

OF RECENT COCOA PRODUCERS' MEETING IN SALVADOR, BRAZIL,
AND ASKED HOW THE VISIT OF MR. HACKMAN, EXECUTIVE DIRECTOR
OF ICCO HAD GONE.

2. SR. ROSAS SAID THAT HACKMAN IN ADDITION TO SEEING
THEM HAD CALLED ON THE SECRETARIES OF AGRICULTURE,
INDUSTRY AND COMMERCE, AND TREASURY. HIS PITCH HAD BEEN
EVERYWHERE THE SAME: THE ADVNATAGES MEXICO WOULD
GAIN FROM ADHERING TO THE DRAFT COCOA AGREEMENT,
PARTICULARLY THAT OF A RELATIVELY HIGH FLOOR PRICE. ALSO,
THAT MEXICO SHOULD SIGN IT EVEN IF IT HAD RESERVATIONS
BECAUSE ONCE THE AGREEMENT CAME INTO FORCE IT COULD BE
MODIFIED. ROSAS INDICATED THAT SOLIS AND HE WERE NOT
IMPRESSED BY HACKMAN'S ARGUMENTS. THEY DOUBTED THE
WORLD PRICE WOULD DROP LOW ENOUGH TO REACH THE FLOOR, AT
LEAST FOR THE NEXT FEW YEARS. FURTHERMORE THE MINISTERS
WOULD HAVE LITTLE INTEREST IN THE DECISION OF THE COCOA
COMMISSION. THE COMMISSIONS'S RECOMMENDATION WHETHER OR
NOT TO SIGN THE DRAFT AGREEMENT WOULD BE BASED ON
WHETHER IT WAS GOOD FOR THE COCOA PRODUCERS WHO ALSO SIT
ON ITS BOARD.

3. SR. ROSAS SAID THAT DURING THE COCOA PRODUCERS'S
MEETING IN SALVADOR, MEXICO AND OTHER DOUBTFUL STATES
HAD BEEN STRONGLY PRESSURED BY BRAZIL TO ADHERE TO THE
DRAFT AGREEMENT. HE EXPECTED THIS PRESSURE TO BE EVEN
HIGHER AT THE NEXT PRODUCERS' MEETING IN JULY DUE TO THE
AUGUST 31 DEADLINE ON SIGNING. HOWEVER, MEXICO WOULD NOT
MAKE A DECISION UNTIL AFTER THE JULY MEETING AND HE
STRONGLY IMPLIED THAT THE DECISION WAS NOT GOING TO BE
AFFECTED BY OTHER COUNTRIES' REPRESENTATIONS.
HOWEVER, HE DID NOT BELIEVE THERE WAS ENOUGH TIME
TO RENEGOTIATE AN AGREEMENT, BUT THE LAPSING OF ANY
COCOA AGREEMENT WOULD NOT HURT MEXICO.

4. TO ECONOFF'S QUESTION THAT IT WAS STRANGE
BRAZIL SHOULD BE A STRONG ADVOCATE OF THE NEW DRAFT
AGREEMENT WHEN IT WAS RAPIDLY EXPANDING ITS COCOA
PRODUCTION AND MIGHT FIND ITSELF CRAMPED BY THE DRAFT'S
RIGID QUOTAS, ROSAS REPLIED THAT THEY FOUND THIS
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SURPRISING TOO AND HAD NO EXPLANATION FOR PT. BRAZIL
WAS RAPIDLY EXPANDING ITS COCOA CULTIVATION AREA IN
THE AMAZON BASIN AND SHOULD DOUBLE ITS PRODUCTION WITHIN
A FEW YEARS. MEXICO ITSELF WAS AIMING AT DOUBLING
PRODUCTION WITHIN FIVE TO SIX YEARS BY USING HIGHER
YIELD PLANTS AND EXPANDING ACREAGE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COCOA, TRADE AGREEMENTS, NEGOTIATIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MEXICO03197
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760091-1026
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760372/aaaackyx.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 33671
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 20 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 APR 2004 by ElyME>; APPROVED <17 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEXICAN VIEWS ON COCOA AGREEMENT
TAGS: ETRD, EAGR, MX, NATIONAL COCOA COMMISSON, (ROSAS, IGNACIO), (HACKMAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006